

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Richmond, Michigan	County Marquette
Audit Date 3/31/06	Opinion Date 6/2/06	Date Accountant Report Submitted to State: 8-16-06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Anderson, Tackman & Co., PLLC			
Street Address 102 W. Washington St., Suite 109	City Marquette	State MI	ZIP 49855
Accountant Signature Michael A. [Signature] CPA			

TOWNSHIP OF RICHMOND, MICHIGAN

FINANCIAL STATEMENTS

For the Year Ended March 31, 2006

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ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of
the Township Board of Trustees
Township of Richmond, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Richmond, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township of Richmond, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Richmond, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Township of Richmond, Michigan as of March 31, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2006 on our consideration of the Township of Richmond, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Supervisor and Members of
the Township Board of Trustees

The management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 33 and 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Richmond, Michigan's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 2, 2006

Township of Richmond, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Richmond's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2006. Please read it in conjunction with the financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$57,437 as a result of this year's operations. Net assets of our governmental activities increased by \$22,074 or 2 percent, and net assets of our business-type activities increased by \$35,363, or 43 percent.
- During the year, the Township had expenses for governmental activities that were \$553,828 and expenses for business type activities that were \$122,237.
- The General Fund reported a net fund balance of \$963,517. Net change in fund balance was \$20,375 higher than the forecasted increase of \$34,859.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Water and Wastewater Treatment Fund is reported here.

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 8. The fund financial statements begin on page 12 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- **Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term* view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- **Proprietary funds** – When the Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Township as Trustee

The Township is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 19. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Township as a Whole

Table I provides a summary of the Township's net assets as of March 31, 2006 and 2005.

Table 1 Net Assets						
	2006			2005		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 945,511	\$(17,699)	\$927,812	\$ 929,642	\$(86,350)	\$843,292
Capital assets, net	287,500	136,175	423,675	185,575	169,463	355,038
Total Assets	<u>1,233,011</u>	<u>118,476</u>	<u>1,351,487</u>	<u>1,115,217</u>	<u>83,113</u>	<u>1,198,330</u>
Current liabilities	30,289	-	30,289	9,085	-	9,085
Non-current liabilities	94,702	-	94,702	20,186	-	20,186
Total Liabilities	<u>124,991</u>	<u>-</u>	<u>124,991</u>	<u>29,271</u>	<u>-</u>	<u>29,271</u>
Net Assets:						
Invested in capital assets, net of related debt	185,266	136,175	321,441	172,211	169,463	341,674
Restricted	-	-	-	-	-	-
Unrestricted (deficit)	922,754	(17,699)	905,055	913,735	(86,350)	827,385
Total Net Assets	<u>\$1,108,020</u>	<u>\$118,476</u>	<u>\$1,226,496</u>	<u>\$1,085,946</u>	<u>\$83,113</u>	<u>\$1,169,059</u>

Net assets of the Township's governmental activities stood at \$1,108,020. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$922,754.

The \$922,754 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$118,476. The Township can generally only use these net assets to finance continuing operations of the Water System and Sewer System operations.

Table 2 Statement of Activities						
	2006			2005		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program Revenues:						
Charges for services	\$ 2,705	\$154,858	\$157,563	\$ 2,533	\$128,255	\$130,788
Operating Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	426,850	-	426,850	373,592	-	373,592
State Sources	86,187	-	86,187	86,062	-	86,062
Interest and Miscellaneous	60,160	2,742	62,902	72,801	2,002	74,803
Total Revenues	<u>575,902</u>	<u>157,600</u>	<u>733,502</u>	<u>534,988</u>	<u>130,257</u>	<u>665,245</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2
Statement of Activities

	2006			2005		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Program Expenses:						
Legislative	\$2,499	\$-	\$2,499	\$2,613	\$-	\$2,613
Elections	357	-	357	2,437	-	2,437
General Services and Administration	173,339	-	173,339	127,841	-	127,841
Public Safety	119,860	-	119,860	92,944	-	92,944
Public Works	118,453	-	118,453	115,477	-	115,477
Community & Economic Development	-	-	-	-	-	-
Recreation and Culture	34,821	-	34,821	28,650	-	28,650
Other	100,277	-	100,277	181,868	-	181,868
Debt Service	-	-	-	-	-	-
Capital Outlay	4,222	-	4,222	-	-	-
Water Fund	-	31,366	31,366	-	36,156	36,156
Wastewater Fund	-	90,871	90,871	-	99,607	99,607
Total Expenses	553,828	122,237	676,065	551,830	135,763	687,593
Excess (deficiency) before transfers	22,074	35,363	57,437	(16,842)	(5,506)	(22,348)
Transfers	-	-	-	-	-	-
Increase (decrease) in net assets	22,074	35,363	57,437	(16,842)	(5,506)	(22,348)
Net assets, beginning	1,085,946	83,113	1,169,059	1,102,788	88,619	1,191,407
Net Assets, Ending	\$1,108,020	\$118,476	\$1,226,496	\$1,085,946	\$83,113	\$1,169,059

The Township's total revenues were \$733,502. The total cost of all programs and services was \$676,065, leaving an increase in net assets of \$57,437. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

The net assets of the Township's governmental activities increased \$22,074 for the year ended March 31, 2006.

Specific Ore Tax increased. The tax is based on the amount of ore mined and that increase in the current year.

Business-type Activities

During the year ended March 31, 2006, the net assets of the Township's business type activities increased by \$35,363.

The Township Board has raised the rates to cover the sewer costs.

THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 12 reported a *combined* fund balance of \$934,239 an increase of \$11,455 from the beginning of the year.

General Fund Budgetary Highlights

Over the course of the year, the Township Board did not revise the budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The reason for not amending the budget was at the end of the year we did not feel it was necessary. However, after year-end we received several accounts payable that put us over budget.

Revenues were \$20,684 less than our budget.

The Township received less money than was anticipated.

Expenditures were \$41,059 less than the final amended budget.

CCI approved the house washing contract for the year after the budget was prepared. This increased both the revenue and expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2006 and 2005, the Township had \$423,675 and \$355,038 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3
Capital Assets

	2006			2005		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Land	\$11,150	\$-	\$11,150	\$11,150	\$-	\$11,150
Land improvements	-	-	-	-	-	-
Buildings and improvements & Utility Plants	128,800	136,175	264,975	155,825	169,463	325,288
Equipment and furnishings	147,550	-	147,550	18,600	-	18,600
	<u>\$287,500</u>	<u>\$136,175</u>	<u>\$423,675</u>	<u>\$185,575</u>	<u>\$169,463</u>	<u>\$355,038</u>

Debt

At year-end, the Township had debt of \$102,234 in the General Fund. Refer to the footnotes for detail breakout and explanation of the Township Long-Term Debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Township's budgets for year ending 2007 The Board uses an average of the last five years income and expenses as a starting point and adjusts items that we know are going to increase or decrease. We also consider any capital expenditures or main repairs that need to be made.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Richmond, P.O. Box 35., Palmer, Michigan 49871.

Richmond Township, Michigan

STATEMENT OF NET ASSETS

March 31, 2006

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 510,340	\$ 344,170	\$ 854,510
Internal balances	375,310	(375,309)	1
Receivables (net)	59,561	13,440	73,001
Other current assets	300	-	300
TOTAL CURRENT ASSETS	945,511	(17,699)	927,812
Non-current assets:			
Land and construction in progress	11,150	-	11,150
Other capital assets	1,840,900	763,728	2,604,628
Accumulated depreciation	(1,564,550)	(627,553)	(2,192,103)
Total Capital Assets	287,500	136,175	423,675
TOTAL NON-CURRENT ASSETS	287,500	136,175	423,675
TOTAL ASSETS	1,233,011	118,476	1,351,487
LIABILITIES:			
Current Liabilities:			
Accounts payable	3,184	-	3,184
Accrued liabilities	8,088	-	8,088
Deferred revenue	-	-	-
Current portion of bonds payable	19,017	-	19,017
Other current liabilities	-	-	-
TOTAL CURRENT LIABILITIES	30,289	-	30,289
Non-current Liabilities:			
Compensated absences	11,485	-	11,485
Bonds payable	83,217	-	83,217
TOTAL NON-CURRENT LIABILITIES	94,702	-	94,702
TOTAL LIABILITIES	124,991	-	124,991
NET ASSETS			
Invested in capital assets net of related debt	185,266	136,175	321,441
Restricted for:			
Debt Service	-	-	-
Unrestricted	922,754	(17,699)	905,055
TOTAL NET ASSETS	\$ 1,108,020	\$ 118,476	\$ 1,226,496

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended March 31, 2006

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business Type Activities
Primary Government:						
Governmental Activities:						
Legislative	\$ 2,499	\$ -	\$ -	\$ -	\$ (2,499)	\$ -
Elections	357	-	-	-	(357)	-
General services and administration	173,339	-	-	-	(173,339)	-
Public safety	119,860	2,705	-	-	(117,155)	-
Public works	118,453	-	-	-	(118,453)	-
Recreation and culture	34,821	-	-	-	(34,821)	-
Other	100,277	-	-	-	(100,277)	-
Debt Service	-	-	-	-	-	-
Capital Outlay	4,222	-	-	-	(4,222)	-
Total Governmental Activities	553,828	2,705	-	-	(551,123)	-
Business Type Activities:						
Water Fund	31,366	61,891	-	-	-	30,525
Wastewater Fund	90,871	92,967	-	-	-	2,096
Total Business Type Activities	122,237	154,858	-	-	-	32,621
TOTAL PRIMARY GOVERNMENT	\$ 676,065	\$ 157,563	\$ -	\$ -	(551,123)	(518,502)
General Revenues:						
Taxes					426,850	426,850
Unrestricted State sources					86,187	86,187
Interest and investment earnings					17,668	20,410
Miscellaneous					42,492	42,492
Transfers					-	-
TOTAL GENERAL REVENUES AND TRANSFERS					573,197	575,939
CHANGE IN NET ASSETS						
Net assets, beginning of year, as restated					22,074	35,363
					1,085,946	83,113
NET ASSETS, END OF YEAR					\$ 1,108,020	\$ 1,169,059
						\$ 1,226,496

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2006

	General Fund	Fire Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 438,468	\$ 71,872	\$ 510,340
Receivables	54,800	1,109	55,909
Other current assets	-	300	300
Due from other funds	481,521	-	481,521
TOTAL ASSETS	\$ 974,789	\$ 73,281	\$ 1,048,070
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 3,184	\$ -	\$ 3,184
Due to other funds	-	102,559	102,559
Accrued payroll and related	8,088	-	8,088
Deferred revenue	-	-	-
TOTAL LIABILITIES	11,272	102,559	113,831
FUND BALANCE:			
Unreserved, reported in:			
General Fund	963,517	-	963,517
Fire Fund	-	(29,278)	(29,278)
TOTAL FUND BALANCE	963,517	(29,278)	934,239
TOTAL LIABILITIES AND FUND BALANCE	\$ 974,789	\$ 73,281	\$ 1,048,070

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

March 31, 2006

Total Fund Balances for Governmental Funds	\$	934,239
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*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

Cost of Capital Assets (General Fixed Asset Account Group)	\$ 1,852,050	
Accumulated Deprecation of Assets (General Fixed Asset Account Group)	<u>(1,564,550)</u>	<u>287,500</u>

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	19,017	
Compensated absences	11,485	
Bonds payable	<u>83,217</u>	<u>(113,719)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>1,108,020</u>
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The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2006

	General Fund	Fire Fund	Total Governmental Funds
REVENUES:			
Taxes	\$ 357,429	\$ 69,421	\$ 426,850
Licenses and permits	2,705	-	2,705
State sources	86,187	-	86,187
Charges for services	-	-	-
Interest	17,096	572	17,668
Other	42,317	91,272	133,589
TOTAL REVENUES	505,734	161,265	666,999
EXPENDITURES:			
Current operations:			
Legislative	2,499	-	2,499
Elections	357	-	357
General services and administration	131,032	-	131,032
Public safety	41,116	78,744	119,860
Public works	116,226	-	116,226
Recreation and culture	34,821	-	34,821
Other	100,277	-	100,277
Debt Service	-	-	-
Capital outlay	24,172	126,300	150,472
TOTAL EXPENDITURES	450,500	205,044	655,544
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	55,234	(43,779)	11,455
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
CHANGE IN FUND BALANCE	55,234	(43,779)	11,455
Fund balance, beginning of year	908,283	14,501	922,784
FUND BALANCE, END OF YEAR	\$ 963,517	\$ (29,278)	\$ 934,239

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2006

Net Change in Fund Balances - Total Governmental Funds **\$ 11,455**

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 146,250	
Depreciation expense	<u>(44,325)</u>	
		101,925

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets (2,227)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 2,018

New note principal is an revenue in the governmental funds, but the new loan increases long-term liabilities in the statement of net assets (91,097)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 22,074**

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2006

	Business - Type Activities Enterprise Funds Water System Fund	Business - Type Activities Enterprise Funds Wastewater System Fund	Business - Type Activities Enterprise Funds Total
ASSETS:			
Current Assets:			
Cash and equivalents	\$ 287,160	\$ 57,010	\$ 344,170
Accounts receivable, net	4,645	8,795	13,440
Due from other funds	-	50,000	50,000
TOTAL CURRENT ASSETS	291,805	115,805	407,610
Non-current Assets:			
Capital assets	97,973	665,755	763,728
Accumulated depreciation	(97,973)	(529,580)	(627,553)
TOTAL NON-CURRENT ASSETS	-	136,175	136,175
TOTAL ASSETS	291,805	251,980	543,785
LIABILITIES:			
Current Liabilities:			
Water deposits payable	-	-	-
Due to other funds	184,341	240,968	425,309
Accrued interest payable	-	-	-
Current portion of long-term debt	-	-	-
TOTAL CURRENT LIABILITIES	184,341	240,968	425,309
Non-current Liabilities:			
Bond payable	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	184,341	240,968	425,309
NET ASSETS:			
Invested in capital assets net of related debt	-	136,175	136,175
Unrestricted	107,464	(125,163)	(17,699)
TOTAL NET ASSETS	\$ 107,464	\$ 11,012	\$ 118,476

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended March 31, 2006

	Business - Type Activities		
	Enterprise Funds		
	Water	Wastewater	
	System	System	
	Fund	Fund	Total
OPERATING REVENUES:			
Charges for services (net)	\$ 61,891	\$ 92,967	\$ 154,858
Other operating revenue	-	-	-
TOTAL OPERATING REVENUES	61,891	92,967	154,858
OPERATING EXPENSES:			
Operating expenses	31,366	57,583	88,949
Depreciation	-	33,288	33,288
TOTAL OPERATING EXPENSES	31,366	90,871	122,237
OPERATING INCOME (LOSS)	30,525	2,096	32,621
NON-OPERATING REVENUES (EXPENSES):			
Investment income	2,492	250	2,742
Interest expense	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,492	250	2,742
INCOME (LOSS) BEFORE TRANSFERS	33,017	2,346	35,363
TRANSFERS IN/(OUT)	-	-	-
CHANGE IN NET ASSETS	33,017	2,346	35,363
Net assets, beginning of year	74,447	8,666	83,113
NET ASSETS, END OF YEAR	\$ 107,464	\$ 11,012	\$ 118,476

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2006

	Business -Type Activities Enterprise Funds		
	Water System Fund	Wastewater System Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 62,756	\$ 91,293	\$ 154,049
Other operating revenues	-	-	-
Cash payments to employees for services	(5,022)	(5,887)	(10,909)
Cash payments to suppliers for goods and services	(26,344)	(51,696)	(78,040)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	31,390	33,710	65,100
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash payments for capital assets	-	-	-
Transfer in / (out) of other funds	5,755	20,246	26,001
Interest payments	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	5,755	20,246	26,001
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	2,492	250	2,742
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,492	250	2,742
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,637	54,206	93,843
Cash and cash equivalents, beginning of year	247,523	2,804	250,327
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 287,160	\$ 57,010	\$ 344,170
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 30,525	\$ 2,096	\$ 32,621
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	33,288	33,288
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	865	(1,674)	(809)
(Increase) decrease in other current assets	-	-	-
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in accrued interest	-	-	-
NET ADJUSTMENTS	865	31,614	32,479
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 31,390	\$ 33,710	\$ 65,100

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

FIDUCIARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2006

	Tax Collection Fund
ASSETS:	
Cash and equivalents	<u>\$ 3,652</u>
TOTAL ASSETS	<u><u> 3,652</u></u>
LIABILITIES:	
Due to other funds	<u> 3,652</u>
TOTAL LIABILITIES	<u><u>\$ 3,652</u></u>

TOWNSHIP OF RICHMOND, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township's Wastewater Treatment Facility is classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Fire Fund** accounts for the activity related to the Fire Department.
- The Township reports the following major proprietary funds:
- The **Water System Fund** accounts for the management of water and wastewater treatment services, including billing, maintenance and construction.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
 - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
 - 2. The following considerations must be reviewed in determination of transfer approvals.
 - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.
- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash Equivalents and Investments - For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

Long-Term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Interfund Activity – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE B – DEPOSITS AND INVESTMENTS:Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and fiduciary funds from the Statement of Net Assets:

	Primary Government	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	\$854,510	\$3,652	\$858,162
Investments	-	-	-
Restricted:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
TOTALS	<u>\$854,510</u>	<u>\$3,652</u>	<u>\$858,162</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amounts of the Township's deposits with financial institutions were \$858,162 and the bank balance was \$859,905. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the Township in its name	\$138,707
Amount collateralized with securities held by the pledging financial institutions trust department in the Township's name:	
Collateralized and uninsured	<u>721,198</u>
	<u>\$859,905</u>

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Investments

As of March 31, 2006, the Township did not have any investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. Ratings are not required for the Township's investment in U.S. Government Agencies or equity-type funds. The Township's investments are in accordance with statutory authority.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE C – INTERFUND BALANCES:

A summary of interfund receivable and payables are related to un-reimbursed expenditures at year and long-term note between the General Fund and Wastewater Fund for a construction project in 1989:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
PRIMARY GOVERNMENT:			
General	\$ 3,652	Fiduciary Fund	\$ 3,652
General Fund	102,559	Fire Fund	102,559
General Fund	375,310	Water	134,342
		Wastewater	240,968
Wastewater	50,000	Water	50,000
TOTAL	<u>\$ 531,521</u>	TOTAL	<u>\$ 531,521</u>

NOTE D – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2005	Additions	Disposals	Balance at March 31, 2006
GOVERNMENTAL ACTIVITIES:				
Land	\$11,150	\$ -	\$ -	\$ 11,150
Total Capital Assets, not being depreciated	\$11,150	\$ -	\$ -	\$ 11,150
Buildings and improvements	1,081,000	-	-	1,081,000
Furniture and equipment	613,650	146,250	-	759,900
Total Capital Assets, being depreciated	1,694,650	146,250	-	1,840,900
Less Accumulated Depreciation:				
Buildings and improvements	(925,175)	(27,025)	-	(952,200)
Furniture and equipment	(595,050)	(17,300)	-	(612,350)
Total Accumulated Depreciation	(1,520,225)	(44,325)	-	(1,564,550)
Governmental Activities Capital Assets, Net	\$ 185,575	\$101,925	\$ -	\$287,500

Depreciation expenses for the governmental activities was charged to the following functions and activities of the primary government:

General Government	<u>\$ 44,325</u>
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A summary of changes in business-type activities capital assets is as follows:

	Balance at April 1, 2005	Additions	Disposals	Balance at March 31, 2006
BUSINESS-TYPE ACTIVITIES:				
Land	\$-	\$-	\$-	\$-
Investment in Treatment Facility	763,728	-	-	763,728
Buildings and improvements	-	-	-	-
Equipment	-	-	-	-
Total Capital Assets, being depreciated	763,728	-	-	763,728
Less Total Accumulated Depreciation	(594,265)	(33,288)	-	(627,553)
Business Type Activities Capital Assets, Net	\$ 169,463	\$ (33,288)	\$-	\$ 136,175

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities: Wastewater System	<u>\$33,288</u>
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NOTE E – LONG-TERM DEBT:

SCHEDULE OF MARQUETTE COUNTY SOLID WASTE MANAGEMENT BONDS
March 31, 2006

	November 1	May 1		
	Interest	Interest	Principal	Total
2006	\$281	\$404	\$2,462	3,147
2007	212	280	2,638	3,130
2008	79	211	2,872	3,162
2009	-	79	3,165	3,244
TOTALS	<u>\$ 572</u>	<u>\$ 974</u>	<u>\$11,137</u>	<u>\$12,683</u>

SCHEDULE OF FIRE TRUCK LEASE
March 31, 2006

	May 1		
	Interest	Principal	Total
2006	\$4,363	\$16,556	\$20,919
2007	3,570	17,349	\$20,919
2008	2,739	18,180	\$20,919
2009	1,869	19,050	\$20,919
2010	957	19,962	\$20,919
TOTALS	<u>\$13,498</u>	<u>\$91,097</u>	<u>\$104,595</u>

	April 1, 2005	Additions	Subtractions	March 31, 2006
Governmental Activities:				
Landfill Bond	\$13,364	\$ -	\$2,227	\$11,137
Fire Truck Lease	\$ -	\$ 91,097	\$-	\$91,097
Total Governmental Activities	<u>\$13,364</u>	<u>\$91,097</u>	<u>\$2,227</u>	<u>\$102,234</u>

ANNUAL MATURITY SCHEDULE

	Landfill Bond	Fire Truck Lease	Total
2006	\$2,462	\$16,556	\$19,018
2007	2,638	17,349	19,987
2008	2,872	18,180	21,052
2009	3,165	19,050	22,215
2010	-	19,962	19,962
Total	<u>\$11,137</u>	<u>\$91,097</u>	<u>\$102,234</u>

NOTE F – PROPERTY TAXES:

The Local Governmental Unit property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31st.

Although the Local Governmental Unit 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.)

NOTE F – PROPERTY TAXES (Continued):

The 2005 taxable valuation of the Local Governmental Unit totaled \$13,092,260, on which ad valorem taxes levied consisted of 4.7499 mills for the Local Governmental Unit operation purposes 1.000 mills for Fire Department Services. These amounts are recognized in the respective fund financial statements as revenue.

NOTE G – CONTINGENT LIABILITIES:

Risk Management – The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

NOTE H – PENSION TRUST FUND:

The Township has a pension plan for its all full time employees. This plan is a defined contribution pension plan for Michigan Township Employees. Each employee shall be eligible to participate in the Plan upon attaining age 18 and not more than age 75. There is no minimum service requirement. The Township contributes 10% of the employee's annual salary to the Plan. The total contribution for the year ended March 31, 2006 was \$4,836 by employees and \$4,820 for the employer.

NOTE I – JOINT VENTURE:

Marquette County Solid Waste Management Authority

In February 1990, the Township of Richmond joined 21 other municipalities in the Marquette County Solid Waste Management Authority ("Authority"). The authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structure, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the Chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The Township's share of assets, liabilities, and fund equity is 10.16 percent. Summary financial information as of and for the fiscal year ended June 30, 2005 is as follows:

Total Assets	\$ 13,560,611
Total Liabilities	2,075,460
Total Net Assets	11,485,151
Total Operating Revenues	2,425,089
Total Operating Expenses	2,149,808
Total Joint Venture's Outstanding Debt	624,875

NOTE J – JOINT VENTURE (Continued):

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

Marquette County issued the Marquette County Solid Waste System Bonds, Series 1991. These bonds are to be paid with a portion of tipping fees designated for bond repayment.

NOTE K – VESTED EMPLOYEE BENEFITS:

Employees can earn sick leave and vacation at various schedules dependent upon their length of employment. Upon retirement, death, termination or disability, employees or their estates are paid for all outstanding vacation and sick days accumulated at their current rate of pay.

		<u>Accrued Sick and Vacation</u>
Primary Government:		
Current portion		\$ -
Long-term portion		<u>11,485</u>
	TOTAL	<u>\$11,485</u>

NOTE L – BUDGET VIOLATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

The following activity and/or programs had excess expenditures over appropriations at March 31, 2006:

<u>Activity/Program</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Assessor	\$10,000	\$10,108	\$108
Township Office, Hall and Grounds	97,100	97,731	631
Ambulance	31,000	31,124	124
Maintenance Department	55,000	56,332	1,332
Garbage Collection	29,000	29,157	157
Recreation	11,000	12,166	1,166
Library	21,900	22,655	755
Special Revenue:			
Fire Fund	100,580	205,044	104,464

NOTE M – LETTER OF CREDIT:

The Township has a \$40,000 Letter of Credit with the bank from October 1, 2001 to September 30, 2007 based on two CD's with the bank restricted for use of post closure landfill costs. The balance on this Letter of Credit is -0-.

NOTE M – FUND EQUITY DEFICIT BALANCES:

At March 31, 2006 the following funds had a fund equity deficit in one or more equity categories.

<u>Fund</u>	<u>Equity Deficit</u>
Government-Type Activities:	
Fire – Unrestricted	\$29,278
Business-Type Activities:	
Wastewater - Unrestricted	125,163

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

Richmond Township, Michigan

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2006

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 342,043	\$ 342,043	\$ 357,429	\$ 15,386
State Sources	93,354	93,354	86,187	(7,167)
Fees, Permits & Licenses	2,300	2,300	2,705	405
Interest	24,500	24,500	17,096	(7,404)
Other Revenues	64,221	64,221	42,317	(21,904)
TOTAL REVENUES	526,418	526,418	505,734	(20,684)
EXPENDITURES:				
Legislative	3,100	3,100	2,499	601
Elections	2,700	2,700	357	2,343
General Services and Administration	132,259	132,259	131,032	1,227
Public Safety	41,000	41,000	41,116	(116)
Public Works	118,000	118,000	116,226	1,774
Recreation and Culture	32,900	32,900	34,821	(1,921)
Other	118,000	118,000	100,277	17,723
Debt service	-	-	-	-
Capital Outlay	43,600	43,600	24,172	19,428
TOTAL EXPENDITURES	491,559	491,559	450,500	41,059
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,859	34,859	55,234	20,375
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	34,859	34,859	55,234	20,375
Fund balance, beginning of year	908,283	908,283	908,283	-
FUND BALANCE, END OF YEAR	\$ 943,142	\$ 943,142	\$ 963,517	\$ 20,375

Richmond Township, Michigan

FIRE FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2006

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 33,780	\$ 33,780	\$ 69,421	\$ 35,641
Interest	2,000	2,000	572	(1,428)
Other Revenue	-	-	91,272	91,272
TOTAL REVENUES	35,780	35,780	161,265	125,485
EXPENDITURES:				
Public Safety	59,580	59,580	78,744	(19,164)
Capital Outlay	41,000	41,000	126,300	(85,300)
TOTAL EXPENDITURES	100,580	100,580	205,044	(104,464)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(64,800)	(64,800)	(43,779)	21,021
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	(64,800)	(64,800)	(43,779)	21,021
Fund balance, beginning of year	14,501	14,501	14,501	-
FUND BALANCE, END OF YEAR	\$ (50,299)	\$ (50,299)	\$ (29,278)	\$ 21,021

Other Supplemental Information

Richmond Township, Michigan

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 75,359	\$ 57,840	\$ (17,519)
Specific ore	260,000	271,803	11,803
Delinquent property tax	3,000	5,544	2,544
Commercial forest	930	1,034	104
Collection fees	-	21,208	21,208
Other	2,754	-	(2,754)
Total Taxes	<u>342,043</u>	<u>357,429</u>	<u>15,386</u>
State Sources:			
State revenue sharing	90,000	79,037	(10,963)
Metro act	-	3,796	3,796
Swampland tax	3,354	3,354	-
Total State Sources	<u>93,354</u>	<u>86,187</u>	<u>(7,167)</u>
Fees, Permits & Licenses:			
Animal license	300	345	45
Zoning Fees	-	160	160
Ambulance fees	2,000	2,200	200
Total Fees, Permits & Licenses	<u>2,300</u>	<u>2,705</u>	<u>405</u>
Interest & Rentals:			
Rental income	2,500	3,745	1,245
Interest income	22,000	13,351	(8,649)
Total Interest	<u>24,500</u>	<u>17,096</u>	<u>(7,404)</u>
Other Revenues:			
Senior citizens meals	-	-	-
Library income	5,000	4,584	(416)
Landfill fee reimbursement	15,000	-	(15,000)
Miscellaneous other	44,221	37,733	(6,488)
Total Other Revenues	<u>64,221</u>	<u>42,317</u>	<u>(21,904)</u>
TOTAL REVENUES	<u>526,418</u>	<u>505,734</u>	<u>(20,684)</u>
EXPENDITURES:			
LEGISLATIVE:			
Township Board:			
Personnel services	3,100	2,499	601
Supplies	-	-	-
Other services and charges	-	-	-
TOTAL LEGISLATIVE	<u>3,100</u>	<u>2,499</u>	<u>601</u>

Richmond Township, Michigan

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
ELECTIONS:			
Personnel services	\$ 2,700	\$ 322	\$ 2,378
Supplies	-	35	(35)
Other services and charges	-	-	-
TOTAL ELECTIONS	2,700	357	2,343
GENERAL SERVICES AND ADMINISTRATION:			
Supervisor:			
Personnel services	7,200	7,159	41
Supplies	-	-	-
Other services and charges	-	-	-
Total Supervisor	7,200	7,159	41
Clerk:			
Personnel services	6,400	6,362	38
Supplies	-	-	-
Other services and charges	-	-	-
Total Clerk	6,400	6,362	38
Treasurer:			
Personnel services	7,559	7,558	1
Supplies	3,000	1,169	1,831
Other services and charges	-	-	-
Total Treasurer	10,559	8,727	1,832
Assessor:			
Personnel services	10,000	10,108	(108)
Supplies	-	-	-
Other services and charges	-	-	-
Total Assessor	10,000	10,108	(108)
Board of Review:			
Personnel services	1,000	945	55
Supplies	-	-	-
Other services and charges	-	-	-
Total Board of Review	1,000	945	55
Township Office, Hall and Grounds:			
Personnel services	58,400	57,283	1,117
Supplies	4,000	5,847	(1,847)
Other services and charges	34,700	34,601	99
Total Township Office, Hall and Grounds	97,100	97,731	(631)
TOTAL GENERAL SERVICES AND ADMINISTRATION	132,259	131,032	1,227

Richmond Township, Michigan

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Public Safety:			
Police:			
Personnel services	\$ -	\$ -	\$ -
Supplies	-	-	-
Other services and charges	-	-	-
Total Police	-	-	-
 Ambulance:			
Personnel services	16,000	18,985	(2,985)
Supplies	10,000	5,700	4,300
Other services and charges	5,000	6,439	(1,439)
Total Ambulance	31,000	31,124	(124)
 Zoning Board:			
Personnel services	10,000	350	9,650
Supplies	-	-	-
Other services and charges	-	9,642	(9,642)
Total Zoning Board	10,000	9,992	8
 TOTAL PUBLIC SAFETY	41,000	41,116	(116)
 PUBLIC WORKS:			
Maintenance Department:			
Personnel services	35,000	31,628	3,372
Supplies	16,000	1,481	14,519
Other services and charges	4,000	23,223	(19,223)
Total Maintenance Department	55,000	56,332	(1,332)
 Garbage Collection:			
Personnel services	24,000	23,693	307
Supplies	5,000	-	5,000
Other services and charges	-	5,464	(5,464)
Total Garbage Collection	29,000	29,157	(157)
 Landfill:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	21,000	17,820	3,180
Total Landfill	21,000	17,820	3,180
 Street Lighting:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	13,000	12,917	83
Total Street Lighting	13,000	12,917	83
TOTAL PUBLIC WORKS	118,000	116,226	1,774

Richmond Township, Michigan

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Recreation and Culture:			
Recreation:			
Personnel services	\$ 5,000	\$ 4,555	\$ 445
Supplies	6,000	7,611	(1,611)
Other services and charges	-	-	-
Total Recreation	<u>11,000</u>	<u>12,166</u>	<u>(1,166)</u>
Library:			
Personnel services	11,000	12,642	(1,642)
Supplies	10,000	-	10,000
Other services and charges	900	10,013	(9,113)
Total Library	<u>21,900</u>	<u>22,655</u>	<u>(755)</u>
TOTAL RECREATION AND CULTURE	<u>32,900</u>	<u>34,821</u>	<u>(1,921)</u>
OTHER FUNCTIONS:			
Payroll taxes	17,000	16,511	489
Insurance and bonds	60,000	48,066	11,934
Retirement and pensions	7,000	8,166	(1,166)
Professional services	9,000	2,150	6,850
Miscellaneous	25,000	25,384	(384)
TOTAL OTHER FUNCTIONS	<u>118,000</u>	<u>100,277</u>	<u>17,723</u>
DEBT SERVICE:			
Debt - Principal	-	-	-
Debt - Interest	-	-	-
TOTAL DEBT SERVICE	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay:			
General Government	43,600	24,172	19,428
Public Works	-	-	-
TOTAL CAPITAL OUTLAY	<u>43,600</u>	<u>24,172</u>	<u>19,428</u>
TOTAL EXPENDITURES	<u>491,559</u>	<u>450,500</u>	<u>41,059</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>34,859</u>	<u>55,234</u>	<u>20,375</u>

Richmond Township, Michigan

**MAJOR GOVERNMENTAL FUNDS
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2006

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	\$ -	\$ -	\$ -
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	34,859	55,234	20,375
Fund balance, beginning of year	<u>908,283</u>	<u>908,283</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 943,142</u>	<u>\$ 963,517</u>	<u>\$ 20,375</u>

Richmond Township, Michigan

**MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
FIRE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2006

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current property tax	\$ 6,280	\$ 10,872	\$ 4,592
Specific ore tax	27,000	57,222	30,222
Commercial forest reverse tax	-	218	218
Delinquent property tax	500	1,109	609
Total State Revenue	<u>33,780</u>	<u>69,421</u>	<u>35,641</u>
Interest:			
Interest income - investments	2,000	572	(1,428)
Total Interest	<u>2,000</u>	<u>572</u>	<u>(1,428)</u>
Other Revenue:			
Other Revenue	-	175	175
Loan Proceeds	-	91,097	91,097
Total Other Revenue	<u>-</u>	<u>91,272</u>	<u>91,272</u>
TOTAL REVENUES	<u>35,780</u>	<u>161,265</u>	<u>125,485</u>
EXPENDITURES:			
Public Safety:			
Personnel services	16,000	18,310	(2,310)
Supplies	15,000	36,949	(21,949)
Other services and charges	28,580	23,485	5,095
Total Public Works	<u>59,580</u>	<u>78,744</u>	<u>(19,164)</u>
Capital Outlay:			
Capital Outlay	41,000	126,300	(85,300)
Total Capital Outlay	<u>41,000</u>	<u>126,300</u>	<u>(85,300)</u>
TOTAL EXPENDITURES	<u>100,580</u>	<u>205,044</u>	<u>(104,464)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(64,800)</u>	<u>(43,779)</u>	<u>21,021</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(64,800)</u>	<u>(43,779)</u>	<u>21,021</u>
Fund balance, beginning of year	<u>14,501</u>	<u>14,501</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (50,299)</u>	<u>\$ (29,278)</u>	<u>\$ 21,021</u>

Compliance Supplements



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

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MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Supervisor and Township Board of Trustees
Richmond Township, Michigan
Palmer, Michigan 49871

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the Township of Richmond, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township of Richmond, Michigan's basic financial statements and have issued our report thereon dated June 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Richmond, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township of Richmond, Michigan's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Richmond, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*. These instances of noncompliance are described in a separate letter to management dated June 2, 2006.

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants



Township of Richmond, Michigan
Report to Management Letter
For the Year Ended March 31, 2006

To the Honorable Supervisor and Members of
The Township Board
Township of Richmond, Michigan
Palmer, MI 49871

In planning and performing our audit of the financial statements of the Township of Richmond, Michigan for the year ended March 31, 2006; we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could affect the Township of Richmond, Michigan's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Instances of Non-Compliance

Uniform Budgeting and Accounting Act (P.A. 621)

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The purpose of P.A. 621 is to require that all local units of government adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process, including data for capital construction projects. The major provisions of P.A. 621 are as follows:

1. Local Units of government must adopt a budget.
2. The budget, including accrued deficits and available unappropriated surpluses, must be balanced.
3. The budget must be amended when necessary.
4. Debt shall not be entered into unless the debt is permitted by law.
5. Expenditures shall not be incurred in excess of the amount appropriated.
6. Expenditures shall not be made unless authorized in the budget.
7. Violations of the act, disclosed in an audit of the financial records, in the absence of reasonable procedures, shall be filed with the State Treasurer and reported to the Attorney General.

To the Honorable Supervisor and Members of
The Township Board
Township of Richmond, Michigan

The Township was found to be in violation of the legal and contractual provisions of the Uniform Budgeting and Accounting Act (Public Act 621) in certain individual funds as enumerated upon in the Footnotes of the financial statements.

Fund Balance Deficit

At March 31, 2006 the following funds had an unrestricted equity deficit:

<u>Fund</u>	<u>Deficit Equity Balance</u>
Government-Type Activities:	
Fire – Unrestricted	\$29,278
Business-Type Activities:	
Wastewater – Unrestricted	125,163

Public Act 275 of 1980 requires that all deficits in any fund balances of local units be disclosed and enumerated upon in Footnotes of the financial statements.

In accordance with the Act, a corrective action plan for the deficit is required to be filed with the State Treasurer within 90 days of the end of the fiscal year. As of this time, the Township of Richmond, Michigan has not filed such a plan. We recommend that the Township of Richmond, Michigan monitor the fund closer in future years to ensure there are sufficient revenues to cover the expenditures each year.

* * * * *

This report is intended solely for the information and use of the Township of Richmond, Michigan's board, management, and other legislative or regulatory body and is not intended to be and should not be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Richmond, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLC
Certified Public Accountants

June 2, 2006